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THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

SEPTEMBER 1, 1941

Trade and industrial activity in the Third Federal Reserve District continue well sustained, although there is ordinarily some lull during this season. The volume of new orders for manufactured goods is heavy, and it is becoming increasingly difficult to meet delivery schedules. Further immediate expansion in productive activity is limited by the fact that many basic lines of industry are operating near capacity, and growing scarcities of supplies of raw materials are in evidence.

The movement of freight is the heaviest for this season in over a decade. Buying by both retailers and consumers is exceptionally active. Prices continue firm and in many lines are rising further. In an effort to divert facilities to defense production and to minimize inflationary developments, priorities and measures of price control are being extended over an increasing variety of goods. As a further step toward these aims, a new program has been developed to restrain the excessive use of consumer instalment credit. This program is described in a supplement to the Business Review to be issued shortly.

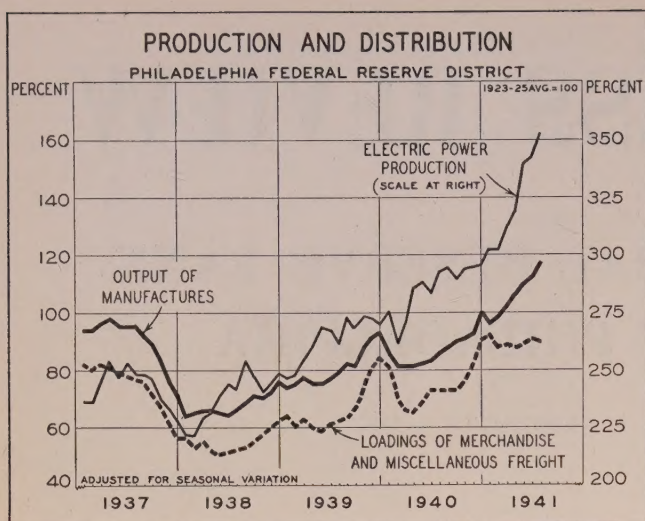
Manufacturing activity in this District in July was maintained at the high levels prevailing the month before, although there is ordinarily a decline in this period. Improvement was particularly marked in the heavy goods industries, owing to defense requirements and continued strong consumer buying. Further gains, after considering the usual seasonal change, were reported in a wide variety of nondurable goods industries. Production of coal was reduced less than usual in the month. The output of crude oil and electric power was expanded.

Building activity has advanced further to the highest level since 1930. The volume of contracts awarded for industrial buildings is substantially above a year ago and residential construction, particularly in defense production areas, is being undertaken on a large scale.

Employment expanded again in July, especially in the manufacturing and construction industries. Wage payments continued large in spite of some seasonal reduction at factories, mines, and stores. Increases in the number of workers and payrolls in manufacturing plants were reported in August, with especially large gains occurring in the heavy industries. Hourly wage earnings are still advancing. Employment and payrolls generally are substantially higher than a year ago, when defense activity was just beginning on an expanded scale.

Prices have risen further. In the case of staple industrial materials, little change has been shown in recent weeks, but quotations on other goods for which price ceilings have not been set are advancing. Wholesale prices are continuing the upward trend which has prevailed since last summer, and this has resulted in higher retail prices. The cost of living is still increasing, especially in food items.

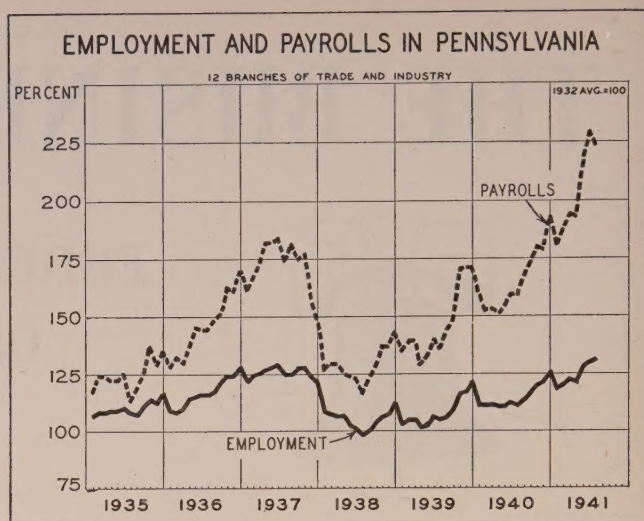
In the securities markets, trading has been quiet, and prices are slightly below levels prevailing in late July. Unsettling factors, aside from war developments, have been the uncertain prospects for taxes, the effects of the increasing shift from civilian to defense production, the difficulties of getting raw materials, and the increase in wages and other costs.



Manufacturing. The demand for factory products in this District continues exceptionally active, stimulated by expanding defense requirements and heavier consumer buying. The volume of inquiries has increased, and sales have shown further gains in several lines of consumers' goods, especially textile and leather products. In the iron and steel and building materials industries orders continue heavy; most plants are booked to capacity for the next several months. Backlogs are substantially larger than a year ago.

Productive activity generally continues at unusually high levels. Heavy industries are operating at virtual capacity, and further advances have occurred in several other lines. The only substantial declines were at silk mills, owing to restrictions on processing of the fiber. Stocks of finished goods have declined further. Supplies of raw materials also decreased in the month but are larger than a year ago except at steel mills, where growing shortages of scrap and pig iron are reported.

Employment in Pennsylvania factories increased 2 per cent further in July to an eighteen-year peak estimated at 1,125,000 workers. Wage disbursements showed a seasonal decline of 2 per cent to approximately \$33,250,000 a week, reflecting vacations, holidays, and shutdowns for repairs. Employment was 25 per cent and wage payments 50 per cent above the level of July 1940. Since the war began the number of factory workers has increased by over 30 per cent, and wage payments have expanded by nearly 70 per cent. Preliminary reports indicate substantial gains in both employment and payrolls in August, particularly in the heavy industries.

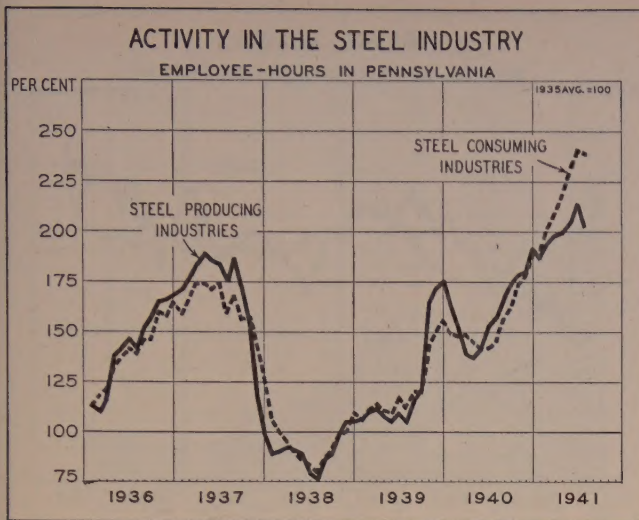


Activity in July was well maintained in nearly all major lines. At plants producing defense equipment and other heavy goods employment was 34 per cent and wage disbursements 64 per cent higher than last year. The sharpest gains were reported by manufacturers of transportation equipment, iron and steel, and nonferrous metal products. The needs of the defense program are also reflected in the nondurable goods industries, where employment has increased 13 per cent in the past twelve months and payrolls 26 per cent. Substantial gains were shown at textile mills, leather tanneries, and factories producing shoes and leather goods.

Hourly earnings of factory workers in Pennsylvania reached a new high in July of slightly over 81 cents, or about 12 per cent above the level of a year ago. Weekly income declined from an average of \$33.16 in June to \$32.12 in July, owing to a decrease in working time, but continued nearly \$6.00 above a year earlier.

In Delaware factories the number employed increased 3 per cent in July and wage payments advanced one per cent. Employment in southern New Jersey decreased about one per cent from June but payrolls increased 2 per cent.

The output of manufactured products in this District was sustained near capacity levels in many lines in July, although some decline ordinarily was to be expected. On a seasonally adjusted basis, operations increased 4 per cent to a record high, about 35 per cent above a year ago. The greatest improvement was again in the heavy goods industries, especially in the case of transportation equipment and metal products. Gains were also shown in such nondurable lines as leather and textiles.



Production of electric power increased slightly in July, and continued over one-fifth larger than a year ago. Total sales were well maintained in the month, but sales to industry decreased somewhat.

Coal and other fuels. Sales of bituminous coal are unusually heavy, reflecting the high level of manufacturing operations. The demand for anthracite continues active, as consumers are buying to avoid the possibility of delayed deliveries in the fall. Prices of coal have increased recently.

Production of Pennsylvania anthracite declined less than was to be expected in July, and operations were well sustained in early August. Colliery output in July averaged 177,800 tons a day, compared with the unusually high level of 195,600 tons reached in June, and was the largest for the month since 1930. The volume of hard coal mined during the first seven months of 1941 was about 30,600,000 tons, the largest in four years.

Operations at bituminous mines declined during July, contrary to seasonal expectations, but production was still considerably greater than a year ago. Output thus far this year has amounted to more than 66,000,000 tons, the largest since 1937.

The production of by-product coke was well sustained in July, and continued above a year ago, while the output of gas and fuel oils was the smallest for any month since August 1939.

Building. Activity in the building industry in this District increased further in July to the highest level in recent years. New awards of contracts for industrial construction were unusually heavy, as productive facilities are being expanded to meet the



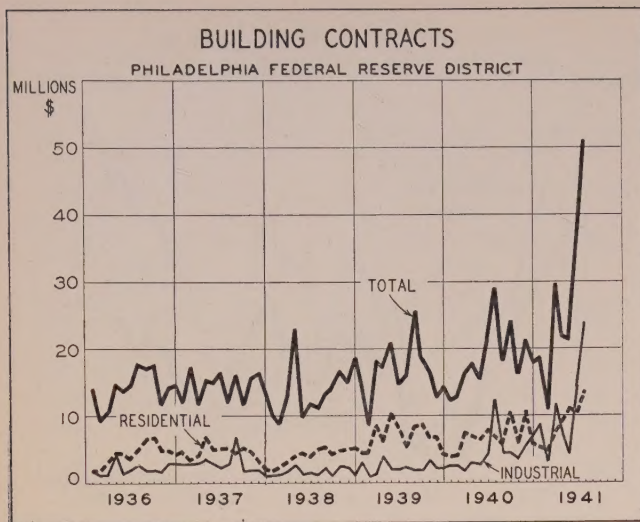
requirements of the defense program. Residential awards also increased considerably, owing in part to the demand for additional housing facilities in defense production areas.

Awards of building contracts in July aggregated \$50,900,000 or 33 per cent more than in the preceding month and were the largest since early 1930. The increase was largely accounted for by a contract for the erection of a drydock at the Philadelphia Navy Yard. Including this award, contracts for factory and plant construction in July were nearly twice as large as a year ago. The value of contract awards for one- and two-family dwellings was substantially higher than in June and was the largest in twelve years.

The dollar volume of contracts let in the first seven months of this year was 54 per cent above a year ago and the greatest for that period since 1930.

Agriculture. The demand for farm products has improved further in this District, where expanding activity in defense and other industries continues to increase the wage incomes of factory workers. The shortage of farm labor is increasingly pronounced, as additional workers leave rural areas for employment in industrial centers.

Growing conditions continue generally satisfactory. The supply of moisture has been adequate in most sections, although unusually cool nights have retarded the growth of garden vegetables. The condition of pastures has improved considerably. Production of corn, oats, and tobacco in this District will be somewhat larger this year than last, according to official estimates of the condition of crops on August 1. The harvest of oats and tobacco

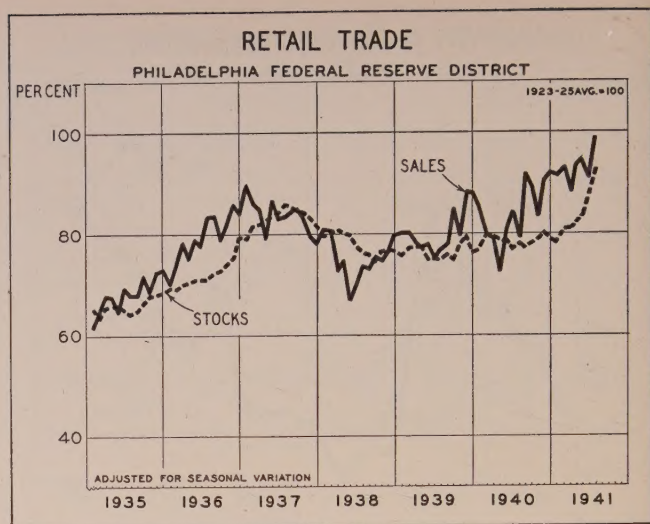


in 1941 will also exceed the average of the past five years, but the output of other leading field crops, including corn, wheat, hay, and white potatoes, is expected to show a decline. The yield of orchard fruits will be about the same as in 1940.

Prices of farm products on August 16 were 32 per cent higher than a year ago and 41 per cent above the pre-war level, according to the United States Bureau of Labor Statistics. Farm cash income in Pennsylvania, New Jersey, and Delaware in the first six months of 1941 approximated \$203,000,000, or 12 per cent more than a year ago, and was the largest for the period since 1930.

Trade. The distribution of commodities has been the most active for this season in many years, reflecting the increasing movement of defense materials and the sharp expansion in buying by retailers and consumers. Rail freight traffic in this section is unusually heavy and in July was the largest for any month since 1930. Sales at wholesale have been at record levels in several lines, in spite of increasing difficulty in obtaining supplies. Retail sales continue exceptionally active, being stimulated further in August by sustained summer purchases and some buying in anticipation of possible future shortages.

The dollar volume of retail sales declined much less than seasonally from June to July. At department stores sales increased 10 per cent on an adjusted basis to a level 24 per cent above a year ago and were the highest since early 1930. Business in July also exceeded seasonal expectations at women's and men's specialty stores and at shoe stores. The smallest increase on an adjusted basis

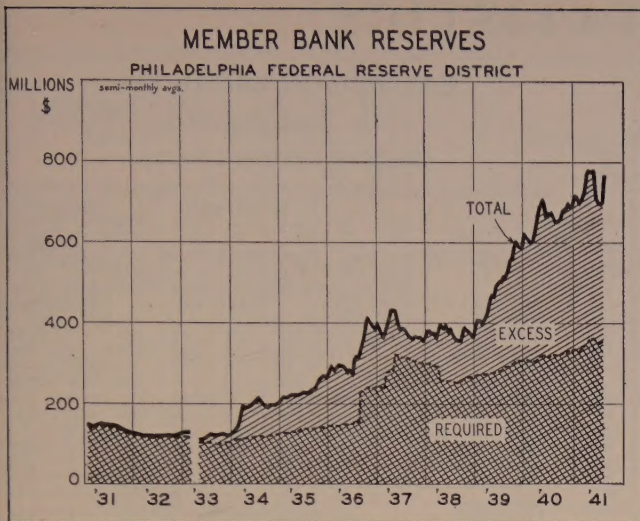


was 3 per cent at credit stores handling durable consumers' goods, where business has been unusually active for several months.

Retailers have been buying heavily in anticipation of an active fall season and have purchased stocks for Christmas promotions much earlier this year than usual. Inventories have been increased substantially in the past year, except at shoe stores.

Sales in July by reporting wholesale establishments approximated the level in June and were considerably larger than a year ago. In the case of shoes, the dollar volume was more than twice that in July 1940, and gains of about 60 per cent were reported by dealers in electrical supplies, dry goods, and hardware. The smallest increase in the year was in sales of drugs. Inventories were increased somewhat in July, but at the end of the month were only about 12 per cent greater than a year ago.

Loadings of revenue freight by railroads serving this section declined slightly from June to July, but continued 25 per cent larger than a year ago. Sharply increased construction activity was reflected in a rise of 50 per cent in loadings of forest products over the past twelve months. Increases in the year exceeded 20 per cent in the case of coal, coke, and miscellaneous commodities, which include numerous building materials and products of heavy industry. The increase over 1940 in shipments of ore was smaller, but loadings of this commodity in the first seven months were nearly one-half again as large as a year ago. The only decline from 1940 was in livestock. Carloadings in the Philadelphia area in early August were slightly above July and at a considerably higher level than a year ago.

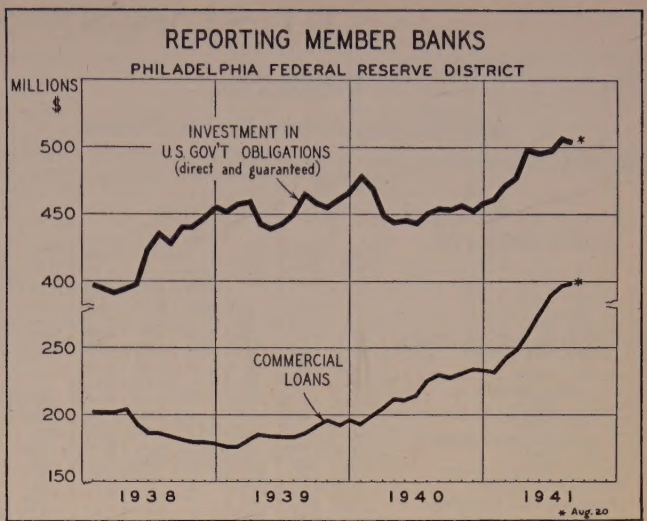


Banking conditions. Loans to commerce and industry continue to expand, although at a somewhat slower rate than prevailed earlier this year. Other loans and investments at the reporting banks have increased also, and the total volume of credit outstanding reached the highest level in nearly a decade. Currency demand continues active, but deposits and reserves have been increased sharply, chiefly by payment received on an issue of securities.

Member bank reserves totaling \$787,000,000 on August 20 were considerably larger than a year ago. In Philadelphia aggregate balances are more than twice legal requirements, and at members elsewhere in the District they exceed requirements by approximately 90 per cent.

Banks have gained nearly \$100,000,000 of reserves in the last four weeks, chiefly through inter-district security transactions. The principal offset was an increase of \$14,000,000 in currency demand, which was more than double that experienced a year ago, when the defense program was in its early stages and factory payrolls were much smaller. Treasury operations absorbed \$3,000,000 of reserves. Disbursements for defense purposes continued heavy, but Treasury receipts were increased by the substantial amounts of unemployment trust funds turned over by the states for investment, quarterly collections of Social Security taxes, and considerable sums paid in by the public for savings bonds and tax anticipation notes. These tax notes were first made available on August 1. They present an attractive medium for the accumulation of funds, as earned, toward the payment of Federal income taxes due next year.

No material changes in Reserve Bank credit



were shown in the past month. At the close of the period six banks were borrowing a total of only \$200,000. Working capital advances to industry increased slightly to \$3,700,000.

The increased credit needs of concerns engaged in defense production and the accumulation of substantial amounts of Government securities were reflected in an increase of \$129,000,000 in loans and investments of reporting banks during the past year to \$1,337,000,000. Of this amount, \$17,000,000 was added in the past four weeks. Commercial loans increased only \$3,000,000, but slightly greater gains were shown in open market paper, which also represents current business financing, and in guaranteed securities of Federal credit agencies. The greatest increase, however, was \$10,000,000 in holdings of corporate and municipal securities. The investment in direct obligations of the United States was reduced \$7,000,000 further from the all-time high of early June.

In late weeks deposits at reporting banks have risen to record levels of more than \$2,000,000,000. The gain of more than \$100,000,000 in the past month has been chiefly in the balances of states and local governments and to a lesser extent in funds held for other banks. Deposits of individuals and business concerns were reduced slightly, but continue sharply above a year ago and are being used more actively than at that time.

The growth in capital funds of the reporting banks over the past twelve months has not kept pace with the rise in deposits, as shown by a decline from 11.8 to 10.4 per cent in the proportion to gross deposits. But cash assets continue large; currently they are equal to 44 per cent of deposits.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-5 = 100	Adjusted for seasonal variation						Not adjusted		
	July 1941	June 1941	July 1940	Per cent change			July 1941	June 1941	July 1940
				July 1941 from Mo. ago	1941 from Year ago	1941 from 7 mos. ago 1940			
INDUSTRIAL PRODUCTION	117p	112	89	+ 4	+ 31	+ 24	111p	111	85
MANUFACTURING	117p	112	86	+ 4	+ 35	+ 28	112p	112	83
Durable goods	146p	137	93	+ 7	+ 57	+ 49			
Consumers' goods	97p	95	82	+ 2	+ 18	+ 12			
Metal products	144	139r	99	+ 4	+ 46	+ 46	139	141r	94
Textile products	89p	85	69	+ 4	+ 30	+ 19	82p	83	63
Transportation equipment	234	206	108	+ 14	+ 116	+ 83	228	208	105
Food products	90p	92	86	- 3	+ 4	+ 6	82p	86	82
Tobacco and products	108	107	92	+ 1	+ 16	+ 4	116	115	100
Building materials	54p	53	41r	+ 2	+ 33	+ 34	59	58	44
Chemicals and products	148p	147	129	0	+ 15	+ 11	145p	148	127
Leather and products	147p	137	115r	+ 7	+ 27	+ 17	133p	134	105
Paper and printing	92	92	87r	0	+ 6	+ 2	89	91	84r
Individual lines									
Pig iron	113	94	85	+ 20	+ 33	+ 22	104	89	79
Steel	128	120r	98	+ 6	+ 30	+ 35	116	123r	89
Iron castings	91	97r	69	+ 6	+ 33	+ 31	87	96r	66
Steel castings	199	159	126	+ 25	+ 59	+ 75	177	165	112
Electrical apparatus	184	188r	104	- 2	+ 78	+ 65	193	188r	109
Motor vehicles	51	35	17	+ 44	+ 198	+ 131	52	43	17
Automobile parts and bodies	117	123	70	- 5	+ 67	+ 57	112	123	67
Locomotives and cars	74	68	32	+ 9	+ 135	+ 65	74	70	32
Shipbuilding	1247	1062	553	+ 17	+ 126	+ 91	1209	1052	536
Silk manufactures	86	93r	61	- 7	+ 41	+ 22	85	88	60
Woolen and worsteds	77	74	53	+ 4	+ 46	+ 38	73	71	50
Cotton products	65	63r	45	+ 2	+ 43	+ 24	56	60	39
Carpets and rugs	107	112	72	- 4	+ 49	+ 10	99	107	67
Hosiery	115	91	98	+ 26	+ 18	+ 9	94	89	80
Underwear	187	158	145	+ 19	+ 29	+ 10	156	158	120
Cement	78	76	56	+ 3	+ 40	+ 32	91	91	65
Brick	74	66r	51	+ 12	+ 45	+ 57	71	68r	49
Lumber and products	30	33	27r	- 10	+ 12	+ 13	33	34	29r
Bread and bakery products				- 2*	+ 8*	+ 5*	99	101	92
Slaughtering, meat packing	95	103	103	- 8	- 8	- 4	85	97	91
Sugar refining	19	19	86				1	21	88
Canning and preserving	103p	99	84	+ 4	+ 22	+ 19	72p	71	68
Cigars	107	106	91	+ 1	+ 17	+ 4	115	114	99
Paper and wood pulp	90	89r	85	+ 2	+ 6	+ 4	86	88r	81
Printing and publishing	92	93	87r	- 1	+ 6	+ 1	90	92	85r
Shoes	167	161	135	+ 4	+ 24	+ 23	155	153	125
Leather, goat and kid	127p	114	97r	+ 11	+ 31	+ 8	112p	115	85r
Explosives	181	169	99	+ 7	+ 83	+ 60	177	169	97
Paints and varnishes	110	101	93	+ 9	+ 18	+ 13	102	103	86
Petroleum products	159p	168	158	- 6	+ 1	0	160p	170	159
Coke, by-product	152	149	141	+ 2	+ 8	+ 12	149	149	138
COAL MINING	87	83	85r	+ 6	+ 3	+ 2	69	76	67r
Anthracite	86p	80	85r	+ 8	+ 1	+ 1	67p	74	66r
Bituminous	99	105	87	- 6	+ 14	+ 7	87	93	76
CRUDE OIL	415	394	411	+ 5	+ 1	- 7	415	410	411
ELEC. POWER—OUTPUT	353	342	292	+ 3	+ 21	+ 16	329	325	272
Sales, total	342	336	276	+ 2	+ 24	+ 17	322	326	260
Sales to industries	239	250	184	- 4	+ 30	+ 24	244	253	187
BUILDING CONTRACTS									
TOTAL AWARDS†	156	105	93	+ 48	+ 68	+ 47	144	107	86
Residential†	85	80	51	+ 7	+ 66	+ 36	96	84	58
Nonresidential†	212	123	94	+ 72	+ 125	+ 120	195	125	87
Public works and utilities†	186	137	187	+ 36	- 1	- 15	160	130	161

* Unadjusted for seasonal variation.

† 3-month moving daily average centered at 3rd month.

‡ No figures due to strike.

p—Preliminary.

r—Revised.

Local Business Conditions*

Percentage change—July 1941 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	June 1941	July 1940	June 1941	July 1940	June 1941	July 1940	June 1941	July 1940	June 1941	July 1940
Allentown	+2	+25	-1	+61	-47	-2	-20	+23	+8	+31
Altoona	+3	+22	-6	+34	+17	+41	-25	+9	+4	+28
Harrisburg	+2	+29	-9	+52	-92	+4	-16	+24	+2	+15
Johnstown	+2	+22	-3	+43	-47	-20	-26	+19	+3	+21
Lancaster	+1	+17	-4	+34	-76	-3	-10	+18	+1	+21
Philadelphia	+1	+30	+2	+60	+11	+87	-26	+25	-7	+37
Reading	+2	+17	0	+47	+101	-50	-22	+26	+12	+42
Scranton	+1	+24	-2	+36	-52	-49	-22	+10	-5	+16
Trenton	-3	+18	-5	+39	-78	-49	-26	+21	0	+18
Wilkes-Barre	0	+36	-1	+86	+26	+34	-20	+23	+4	+17
Williamsport	+1	+17	-1	+44	-64	-1			+7	+34
Wilmington	+2	+36	+1	+63	+113	+102	-15	+30	-18	+24
York	+3	+17	+2	+47	-29	+143	-25	+24	+1	+33

* Area not restricted to the corporate limits of cities given here.

Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1932 = 100	Employment			Payrolls		
	July 1941 index	Per cent change from		July 1941 index	Per cent change from	
		June 1941	July 1940		June 1941	July 1940
GENERAL INDEX.....	131	+1	+18	223	- 2	+40
Manufacturing.....	168	+2	+25	306	- 2	+50
Anthracite mining.....	65	0	- 2	60	-32	- 4
Bituminous coal mining.....	105	0	+ 1	289	- 4	+46
Building and construction.....	66	+3	+18	111	+ 8	+40
Quar. and nonmet. mining.....	128	+1	+11	319	+ 3	+44
Crude petroleum prod.....	141	+1	+ 4	174	+ 3	+ 7
Public utilities.....	105	+1	+ 5	123	+ 3	+11
Retail trade.....	110	-5	+ 9	139	- 4	+15
Wholesale trade.....	127	+2	+ 8	142	0	+14
Hotels.....	104	-1	+ 2	128	0	+11
Laundries.....	123	+3	+15	162	+ 1	+21
Dyeing and cleaning.....	112	-2	+10	155	- 2	+25

Manufacturing

Indexes: 1923-5 = 100	Employment*				Payrolls*			
	July 1941 index	Per cent change from		July 1941 index	Per cent change from			
		June 1941	July 1940		June 1941	July 1940		
TOTAL	108	+2	+25	125	-2	+50		
Iron, steel and products...	113	+2	+34	173	-3	+63		
Nonferrous metal products...	176	+1	+39	245	-7	+55		
Transportation equipment...	90	+6	+48	108	+1	+67		
Textiles and clothing...	99	+1	+18	104	+2	+40		
Textiles...	92	0	+18	97	+2	+40		
Clothing...	128	+2	+17	139	+2	+42		
Food products...	107	-1	+4	121	-5	+9		
Stone, clay and glass...	93	-2	+20	105	-5	+38		
Lumber products...	68	+2	+7	73	+1	+23		
Chemicals and products...	110	+1	+17	140	0	+32		
Leather and products...	97	+2	+13	109	+4	+33		
Paper and printing...	102	0	+6	118	-2	+18		
Printing...	91	-1	+5	102	-3	+14		
Others:								
Cigars and tobacco...	68	0	+6	64	-1	+10		
Rubber tires, goods...	100	+1	+25	129	-6	+43		
Musical instruments...	76	+2	+18	102	+9	+54		

* Figures from 2,757 plants.

Hours and Wages

Factory workers Averages July 1941 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
TOTAL	39.8	+9	\$ 8.12	+12	\$32.12	+22
Iron, steel and prod.	40.5	+8	9.14	+14	36.96	+24
Nonfer. metal prod.	40.2	+8	7.13	+5	28.65	+13
Transportation equip.	43.4	+15	9.03	+9	39.16	+26
Textiles and clothing	37.0	+12	5.68	+7	20.96	+19
Textiles	37.4	+12	5.76	+7	21.54	+20
Clothing	35.8	+11	5.42	+9	19.56	+19
Food products	38.1	+1	6.66	+5	25.88	+6
Stone, clay and glass	36.5	+7	7.70	+7	28.16	+15
Lumber products	41.2	+8	5.68	-1	23.28	+8
Chemicals and prod.	39.9	+7	8.66	+6	34.15	+12
Leather and products	39.1	+9	5.84	+8	22.79	+17
Paper and printing	40.5	+5	7.46	+5	31.38	+11
Printing	37.3	+2	9.02	-1	35.95	+6
Others:						
Cigars and tobacco	36.2	-2	4.68	+3	16.92	+1
Rubber tires, goods	38.4	+7	7.56	+2	29.06	+9
Musical instruments	46.2	+10	7.52	+17	34.72	+28

* Figures from 2,524 plants.

† Figures from 2,757 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	July 1941 from		1941 from
	Month ago	Year ago	7 mos. 1940
Sales			
Total of all lines.....	- 1	+ 43	+34
Boots and shoes.....	- 7	+109	+61
Drugs.....	- 1	+ 9	.....
Dry goods.....	+ 1	+ 62	+31
Electrical supplies.....	-13	+ 64	+75
Groceries.....	+ 9	+ 26	+17
Hardware.....	- 7	+ 56	+54
Jewelry.....	-31	+ 40	+48
Paper.....	+ 2	+ 28	+20
Inventories			
Total of all lines.....	+ 3	+ 12	.....
Dry goods.....	+ 4	- 2	.....
Electrical supplies.....	+ 2	+ 27	.....
Groceries.....	- 1	+ 12	.....
Hardware.....	+ 2	+ 29	.....
Jewelry.....	+10	+ 10	.....
Paper.....	+ 3	+ 12	.....

Source: U. S. Department of Commerce.

Commodity prices Index: 1926=100	July 1941	Per cent change from		
		Month ago		Aug. 1939
		Month ago	Year ago	Aug. 1939
Basic commodities				
7 industrial.....	90	-1	+12	+27
7 agricultural.....	74	+6	+43	+54
Wholesale*.....	89	+2	+14	+18
Raw materials.....	86	+3	+22	+29
Finished products.....	90	+2	+11	+14
Farm.....	86	+5	+29	+41
Food.....	85	+2	+20	+26
Other.....	90	+1	+ 9	+12
Retail food*				
(1935-9=100).....	107	+1	+10	+14
Philadelphia.....	103	0	+ 8	+11
Scranton.....	107	+2	+ 9	+16

* Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 =100	Adjusted for seasonal variation						Not adjusted		
	July 1941	June 1941	July 1940	Per cent change			July 1941	June 1941	July 1940
				July 1941 from		1941 from 7 mos. 1940			
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District.....	130p	118	105	+10	+24	+17	89p	116	71
Philadelphia.....	130	114r	102	+13	+27	+18	84	112r	67
Men's apparel.....	112	98	97	+14	+15	+ 9	65	89	56
Women's apparel.....	114p	109	96	+ 4	+19	+14	88p	125	74
Shoe.....	111p	100	87	+11	+27	+15	92p	120	72
Credit.....	137p	133	108	+ 3	+27	+17	100p	126	79
Inventories									
Department stores—District.....	116p	110	94	+ 6	+23	.....	103p	104	84
Philadelphia.....	109	105	89	+ 4	+22	.....	98	99	80
Women's apparel.....	110	102	96	+ 8	+14	.....	85	88	75
Shoe.....	99p	101	101	- 3	- 2	.....	86p	97	88
Credit.....	154p	142	118	+ 9	+31	.....	142p	131	109
FREIGHT-CAR LOADINGS									
Total.....	145	148	116	- 2	+25	+24	150	151	120
Merchandise and miscellaneous.....	139	140	112	- 1	+24	+26	143	145	116
Merchandise—I.c.l.....	109	109	96	- 1	+13	+13	108	110	95
Coal.....	157	170	122	- 8	+28	+15	139	148	109
Ore.....	150	158	128	- 5	+17	+47	282	272	241
Coke.....	203	197	160	+ 3	+27	+39	187	185	147
Forest products.....	133	130	89	+ 3	+50	+51	138	140	92
Grain and products.....	143	130	121	+10	+19	+ 7	161	109	135
Livestock.....	89	100	100	-11	-11	- 4	80	86	90
MISCELLANEOUS									
Life insurance sales.....	104	101	101	+ 3	+ 3	+ 5	99	105	97
New passenger auto. registrations.....	.....	.....	.....	-14*	+10*	+26*	164	190	149
Hotels—(1934=100).....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Occupancy.....	.....	.....	.....	-10*	+23*	+ 8*	103p	114	84
Income, total.....	.....	.....	.....	-15*	+28*	+ 9*	91p	107	71
Business liquidations.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Number.....	.....	.....	.....	+11*	-33*	-11*	91	82	136
Amount of liabilities.....	.....	.....	.....	-44*	-35*	0*	34	61	53
Check payments.....	140	148	105	- 5	+33	+24	136	154	102

* Computed from unadjusted data.

p—Preliminary.

r—Revised.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	Aug. 20, 1941	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 299	+\$ 3	+\$ 66*
Open market paper.....	44	+ 4	+ 9
Loans to brokers, etc.....	26	+ 1	+ 4
Other loans to carry secur.....	31	+ 1	+ 1
Loans on real estate.....	51	+ 1	+ 1
Loans to banks.....	.....	.....	.....
Other loans.....	111	+ 2	+ 6*
Total loans.....	\$ 562	+\$ 10	+\$ 84
Government securities.....	\$ 408	-\$ 7	+\$ 47
Obligations fully guar'teed.....	96	+ 4	+ 3
Other securities.....	271	+ 10	- 5
Total investments.....	\$ 775	+\$ 7	+\$ 45
Total loans & investments	\$1,337	+\$ 17	+\$129
Reserve with F. R. Bank.....	593	+ 90	+121
Cash in vault.....	25	+ 1	+ 5
Balances with other banks.....	219	+ 3	+ 17
Other assets—net.....	79	+ 1	- 1
Liabilities			
Demand deposits, adjusted.....	\$1,252	+\$100	+\$238
Time deposits.....	258	- 2	- 4
U. S. Government deposits.....	17	.....	- 29
Interbank deposits.....	491	+ 13	+ 58
Borrowings.....	.....	.....	.....
Other liabilities.....	16	.....	+ 3
Capital account.....	219	+ 1	+ 5

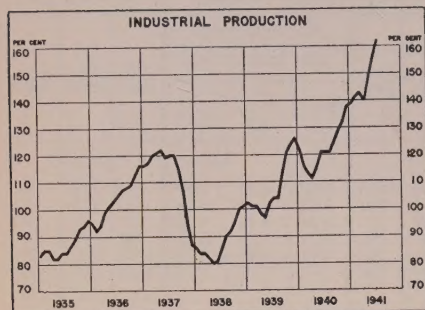
* Revised.

Philadelphia Federal Reserve District (Millions of dollars)					Changes in weeks ended—				Changes in four weeks
					July 30	Aug. 6	Aug. 13	Aug. 20	
Sources of funds:									
Reserve Bank credit extended in district.....					— 1.5	— 2.7	+ 3.7	+3.2	+ 2.7
Commercial transfers (chiefly interdistrict).....					+56.2	+20.6	+40.9	— 0.6	+117.1
Treasury operations.....					+ 4.3	+ 1.1	—10.5	+2.0	— 3.1
Total.....					+59.0	+19.0	+34.1	+4.6	+116.7
Uses of funds:									
Currency demand.....					+ 2.9	+ 4.1	+ 5.0	+1.6	+ 13.6
Member bank reserve deposits.....					+53.3	+20.0	+27.5	—2.1	+ 98.7
"Other deposits" at Reserve Bank.....					+ 2.9	— 5.1	+ 1.6	+5.2	+ 4.6
Other Federal Reserve accounts.....					— 0.1	— 0.0	— 0.0	—0.1	— 0.2
Total.....					+59.0	+19.0	+34.1	+4.6	+116.7

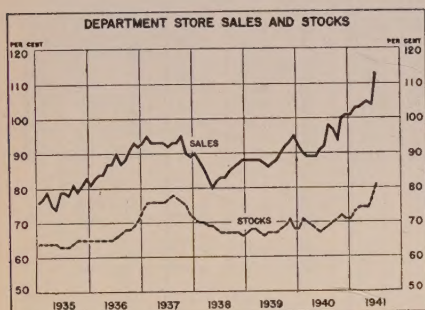
Member bank reserves (Daily averages: dollar figures in millions)					Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Phila. banks:								
1941: July 1-15..					\$489.1	\$243.1	\$246.0	101%
July 16-31..					502.6	246.2	256.4	104 "
Aug. 1-15..					564.4			
1940: Aug. 1-15..					462.9	222.2	240.7	108 "
Country banks:								
1941: July 1-15..					203.6	108.7	94.9	87 "
July 16-31..					200.8	109.9	90.9	83 "
Aug. 1-15..					203.7			
1940: Aug. 1-15..					188.0	99.3	88.7	89 "

Federal Reserve Bank of Phila. (Dollar figures in millions)		Aug. 20, 1941	Changes in—	
			Four weeks	One year
Bills discounted.....		\$ 0.2	+\$ 0.1	+\$ 0.1
Bills bought.....		3.7	+ 0.1	+ 1.2
Industrial advances.....		171.8		— 22.2
U. S. securities.....				
Total.....		\$175.7	+\$ 0.2	—\$20.9
Note circulation.....		484.6	+ 15.2	+117.3
Member bk. deposits.....		787.5	+ 98.7	+143.6
U. S. general account.....		61.0	— 8.2	+ 5.5
Foreign bk. deposits.....		114.9	+ 1.9	+ 29.9
Other deposits.....		23.1	+ 4.6	— 1.0
Total reserves.....		1318.7	+108.9	+318.0
Reserve ratio.....		89.6%	+ 0.6%	+ 4.5%

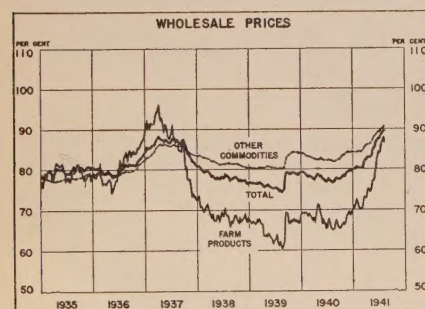
National Summary of Business Conditions



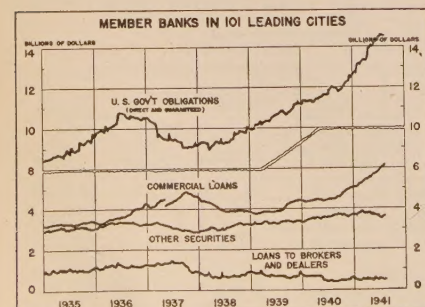
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. By months, January 1935 to July 1941.



Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. By months, January 1935 to July 1941.



Bureau of Labor Statistics' indexes, 1926 = 100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935 to week ending August 16, 1941.



Wednesday figures, January 2, 1935 to August 13, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported.

Industrial activity in July and the first half of August was maintained at the high level reached in June. Wholesale commodity prices advanced further and distribution of commodities to consumers was in exceptionally large volume.

PRODUCTION

Volume of industrial output showed little change from June to July. Reductions in activity at automobile factories and steel mills were largely offset in the total by further increases in the machinery, aircraft, shipbuilding, and lumber industries. The Board's adjusted index, which includes allowance for a considerable decline at this season, advanced from 157 to 162 per cent of the 1935-1939 average.

Steel production, which in June had been at about 98 per cent of capacity, declined to 96 per cent in July, owing in part to holiday shut-downs at some mills. In the first half of August steel output was again at about 98 per cent of capacity. Automobile production in July declined less than usual but in the first half of August there was a sharp reduction as most plants were closed to prepare for the shift to new model production. Activity in the nonferrous metals industries continued at a high rate. Early in August copper, pig iron, and all forms of steel were placed under complete mandatory priority control as it became evident that actual demand for these metals could not be fully met.

In the wool, cotton, and rayon textile industries and at shoe factories activity in July was maintained at or near the peak levels of other recent months and production of chemicals rose further. Output of manufactured foods increased less than seasonally from the high level reached in June.

Coal production declined slightly in July but as in June was unusually large for this time of year. Crude petroleum production was maintained at about the high rate that had prevailed in the previous two months.

Value of construction contract awards in July increased further to a level more than two-fifths higher than a year ago, according to F. W. Dodge Corporation reports. The rise reflected chiefly a continued increase in contracts for public construction, mostly defense projects. Private residential building contracts increased somewhat, although there is usually some decline at this season, while awards for other private building declined further from earlier high levels.

DISTRIBUTION

Sales at department stores and in rural areas declined by much less than the usual seasonal amount in July and variety store sales increased further. In the first half of August department store sales rose sharply.

Total loadings of revenue freight in July and early August showed little change from the advanced level reached in June. Grain shipments, which had been larger than usual in May and June, increased less than seasonally and loadings of coal declined somewhat.

COMMODITY PRICES

The general index of wholesale prices advanced about 2 per cent further from the middle of July to the middle of August, reflecting sharp increases in prices of a number of agricultural and industrial commodities. Federal action to limit price increases was extended to additional basic materials, including burlap, silk, rayon fabrics, rubber, and sugar, and in the early part of August prices of these commodities in domestic markets showed little change or were reduced. On the other hand, prices for paperboard, automobile tires, and cotton yarns and gray goods were advanced with Federal approval; prices of textile products not under Federal control continued to rise; and there were considerable increases in prices of lumber, other building materials, and chemicals. On August 16 it was announced that for southern pine maximum prices somewhat below recent high levels would become effective on September 5.

AGRICULTURE

Agricultural production in 1941 may exceed that in any previous year, according to indications on August 1, and carryovers of major crops are unusually large. Crops of wheat and other leading foodstuffs are expected to be exceptionally large, while substantial declines in production are indicated for the major export crops—cotton and tobacco. Although the cotton crop is estimated at 10,600,000 running bales, or 1,800,000 bales less than last season, total supplies of cotton will be about the same owing to a larger carryover on August 1. Marketings of livestock and livestock products, except hogs, will be substantially above last year.

BANK CREDIT

Total loans and investments at reporting banks in 101 leading cities rose further during the five weeks ending August 13. Commercial loans continued to increase substantially, while holdings of United States Government obligations showed little change. Bank deposits remained at a high level.

UNITED STATES GOVERNMENT SECURITY PRICES

After advancing to the highest levels on record, prices of both taxable and partially tax-exempt Treasury bonds declined somewhat in the first part of August. On August 15 the partially tax-exempt 2½ per cent 1960-65 bonds yielded 2.06 per cent, compared with the all-time low of 2.02 per cent on July 29. Yields on Treasury notes showed little change in the period.